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ABSTRACT

This booklet describes three legislative bills tc reform existing federal manpower programs. The proposals share an emphasis on a single comprehensive manpower program for the disadvantaged, using state and local planning of flexible programs to meet local needs. A combination of the three proposals is recommended. (BH)

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BY THE NATIONAL MANPOWER
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FOREWORD

The National Manpower Policy Task Force is a private nonprofit organization of academic manpower experts. It is devoted to the promotion of research in manpower policy. This statement represents the combined judgment of the Task Force members. Despite divergence of opinion on details, the members agreed to a unanimous statement without indicating individual exceptions.

IMPROVING THE NATION'S MANPOWER EFFORTS

During the sixties the federal government launched a series of manpower programs. The over-all direction and thrust of these efforts was salutary; they emphasized the needs of millions of citizens who could not compete successfully in the labor market because of a lack of skills or motivation, deficient education, or discrimination. The execution of these programs, however, left much to be desired. The multiplicity of program sponsors at the local level made the delivery of effective manpower services very difficult. The programs were characterized by varying eligibility criteria, overlapping services, and conflicting regulations. After seven years of expanding the manpower programs, there is a pressing need to overhaul these categorical and disjointed efforts.

As we enter a new decade, we should take advantage of the lessons that have been learned from the vast experimentation of the sixties. Improving the administration of manpower programs and related services to maximize their impact is just as important at this moment as adding funds, and as the administration of manpower programs is improved, it is essential that funds be further expanded. Considering the extent of need, the additional funds become even more justifiable as the effectiveness of the programs is enhanced.

The Administration and Congress have recognized the pressing need for a comprehensive manpower effort building on the experience of the sixties. Three major proposals are now pending before Congress, and we believe that the enactment of new legislation will provide, in the words of Secretary of Labor George P. Shultz, "more effective services to the individuals and communities that need them . . . and at the same time invigorate established institutions of government . . . and our manpower programs." Enactment of the best provisions in each of the three bills would be an achievement comparable to the initiation and expansion of the manpower programs of the last seven years.

THE PROPOSALS

The major proposals for overhauling existing manpower programs enjoy bipartisan support. Sponsors of the bills are Representative William A. Steiger (HR 10908), Representative James G. O'Hara (HR 11620), and Senator Jacob K. Javits (S 2838, proposed by the Administration). All have a common objective and approach, though they differ in respect to the responsibilities assigned to federal, state, and local levels. All can be appropriately described as comprehensive remedial manpower legislation insofar as they embrace services aimed at the employment of disadvantaged persons. The bills contemplate the consolidation of several discrete pieces of manpower legislation and list a broad range of services that can be provided, leaving the mix of services offered to individuals in any particular state or community to administrative discretion.

All three bills seek some form of state and local planning to adapt the use of funds to area needs, and all seek flexibility in working out specific programs.

The Administration and Steiger bills would shift the locus of state and local authority from professional or community-based administrators to elected officials.

Both the O'Hara and the Administration bills contain specific features which go beyond the issues of consolidating comprehensive remedial services and of shifting state and local responsibility. The O'Hara bill places no restrictions upon eligibility for services except that only unemployed workers can qualify for public service employment. The Steiger and Administration bills emphasize the training and employment of the unemployed and the poor, and the O'Hara bill also provides for the upgrading of trainees after they are employed.

The scope of all three bills is limited to the consolidation of the Manpower Development and Training Act, the manpower programs of the Economic Opportunity Act (the Job Corps retains its separate identity in the Administration bill), and the Employment Service insofar as it is involved in such programs. The Work Incentive program (WIN), unemployment insurance, and the administrative funds for the Employment Service would remain unaffected because they are currently funded under the Social Security Act. The Vocational Rehabilitation and Vocational Education Acts are also untouched by the proposed legislation, except that the Administration bill promises closer coordination with existing manpower programs. The decision to consolidate only the manpower programs currently administered by the Labor Department, and to exclude related programs administered by other agencies, probably reflects the sponsors' belief that more ambitious efforts would kill the chances of the proposed legislation.

The Steiger bill anticipates agreements between the Secretary of Labor and the governor of each state which would provide for manpower services based upon plans drawn up by the state education agency and the employment service as well as representatives of labor, management, and public and private manpower agencies. Institutional training (with preference for skill centers) would be provided by state education agencies with HEW approval, state employment agencies would offer placement services. Seventy percent of the available federal funds would be allocated among the states according to the size of their labor force, number of unemployed, and number of youths aged 14 to 17. The other 30 percent is for use by the Secretary of Labor for national, experimental, and demonstration projects. Where states proved to be unresponsive to the needs of their disadvantaged populations, the Secretaries of Labor and HEW are authorized to mount direct federal programs. On the other hand, incentive grants could be made to the "resourceful and imaginative" states. Only the Steiger bill carries a specified expenditure authorization, which would rise to $3 billion annually by 1974.

The O'Hara bill places responsibility upon the Secretary of Labor to provide "comprehensive manpower services," either directly or through contracts with state and local public agencies or private organizations. It does not contain the specific allocation provisions to states and cities found in the other bills. The O'Hara bill also includes a provision for upgrading employed

workers, a public-service job-creation program, and an allocation of 2 percent of appropriated funds to research.

The Administration bill authorizes the governor of each state to appoint state "prime sponsors" for manpower programs. For metropolitan areas, the governor would appoint a prime sponsor from units of local government, unless the highest elected officials representing 75 percent of the population of the metropolitan area agree upon a public or private agency to serve as prime sponsor. The prime sponsor at the state level would be a comprehensive manpower agency composed of the state public employment service, the unemployment compensation agency, and state-funded manpower agencies. Other agencies could be included at the discretion of the governor. The Administration bill would also create state manpower planning agencies with representation from state agencies, private groups, and potential clients. The governor of the state would be required to obtain federal approval for a three- to five-year comprehensive plan to be updated annually. Parallel plans would be prepared at local levels. Seventy-five percent of available federal funds would be allocated to the states. Each state would initially receive 25 percent of its total allocation after a plan is developed and approved, 67 percent upon designation and approval of its state and local prime sponsors, and the balance upon evidence of "exemplary performance." An additional 5 percent of total federal funds would support supplementary efforts, with the states and localities adding $1 for every $2 contributed by the federal government. A "pass through" of funds to the local prime sponsor would be guaranteed. The remaining twenty percent of federal funds would be retained for use at the discretion of the Secretary of Labor who would also develop federal standards and priorities for state and local planning.

The Administration bill also calls for an independent Job Corps, provides for the establishment of national, regional, and local computer-based job banks, and authorizes a 10 percent increase in manpower expenditures whenever unemployment rises above 4.5 percent for three consecutive months.

CENTRAL QUESTIONS

1. *"Creative Federalism"*

Existing manpower programs stimulate competition but also promote confusion. Tidier administration of manpower programs is to be encouraged, and the present bills contribute to this by moving in the direction of consolidated funding of manpower programs. Accompanying every federally-sponsored program is the issue concerning the proper roles of state and local governments. This problem is compounded because political and economic boundaries are not identical. Although most metropolitan areas are subdivided into autonomous local government jurisdictions, the contiguous communities form cohesive labor markets and economic units.

Proposed shifts in governmental roles must take into account the inherent limits of the federal government to plan and operate programs and the increasing

steps taken by state and local governments to improve their capabilities in administering manpower programs. At the same time, we must face the fact that even where states and localities are desirous of taking over manpower programs, they often lack the capacity to do so. While some are now capable of assuming such planning and operational responsibilities, others will require time, perhaps several years before they can do so effectively.

The three bills deal differently with these problems. The O'Hara bill would retain the Secretary of Labor's authority to contract for agreed services with state and local governments as he sees fit. The Steiger bill would transfer authority to state governors. The Administration bill also bolsters the governors' authority, though it includes a mandatory "pass through" of funds to the local governments which would have the right to choose their own prime sponsor for metropolitan manpower programs. For this provision to become operative, the Administration bill requires, as we have noted, that the chief executives representing 75 percent of the metropolitan population must agree on a prime sponsor. Otherwise the authority to select the prime sponsor belongs to the governor, and in most cases he would be obliged to select the mayor of the central city to act as prime sponsor of metropolitan manpower programs.

Although there are some differences in details, the Administration bill includes much that we proposed in our January 1969 position paper on this question. It seeks to design a balanced system of shared power. It retains federal control, guidance, and appraisal, while providing state or local initiative in ways calculated to enhance political accountability, energize local talent, and improve administrative performance. Preserving this delicate balance is essential, but there is the real danger that a restrictive interpretation of the Administration's bill could tilt the balance too heavily toward the states. If this effort to devise a fruitful compromise results in unlimited state control, then it would be preferable to continue our present system.

We agree with the Administration approach which vests in the Secretary of Labor over-all responsibility for manpower programs. We also believe that the detailed planning and organizing of services are best performed at levels that are in immediate contact with the beneficiaries of the services. The Secretary should therefore be charged with systematically turning over responsibility for these tasks to state and local governments wherever he finds the capability, and he should be charged with encouraging and supporting the development of that capability. In the meantime, he must have the flexibility to organize the highest quality manpower services within the resources allotted to him. The Administration bill retains for the Secretary of Labor discretionary power over at least one-fourth of the manpower funds, and we believe that should permit him the necessary flexibility to meet his responsibilities.

2. *Incentives and Planning*

Even if the best proposals of all bills were adopted, basic problems associated with planning and delivery of manpower services would remain. The incentives offered by the Administration and Steiger bills for exemplary

performance requiring state and local matching of funds are not likely to encourage special efforts. And past experience with state or local "planning" by federal edict, usually performed to qualify for federal largesse, does not justify excessive optimism. Nonetheless, the current proposals offer an orderly mechanism for disbursing federal funds and provide for project monitoring to assure that federal objectives are pursued. We believe that the Administration bill's provision empowering the Secretary of Labor to "item veto" specific proposals without invalidating an entire state or local manpower plan is a potentially effective way of preserving his over-all responsibility for the administration of manpower policy. There is also provision for review of state plans in the light of national objectives.

3. *Scope*

Consolidation of most of the programs currently administered by the Labor Department is an important step in improving the effectiveness of federally-funded manpower programs, primarily for the disadvantaged. We look forward to the time when the proposed consolidation will be broadened to include such major related programs as the Work Incentive program. Vocational Rehabilitation and Vocational Education should be planned jointly with the remedial manpower program. We attach great importance to the fact that the pending legislation would permit, and even encourage, governors to exercise wide discretion in bringing all manpower and manpower-related programs under the purview of manpower planning agencies. The potentialities can be gleaned from efforts in California, Michigan, Oregon, Utah, and other states that are experimenting with comprehensive manpower planning agencies. These new developments should be carefully monitored so that successful patterns can be quickly disseminated for the guidance of other states.

A truly comprehensive manpower policy, however, would be concerned with economic, educational, welfare, and labor market measures. The development and effective utilization of high-level talent and skills are also important components of manpower policy with federal responsibility.

4. *Preventive and Remedial Training*

Fears have been expressed that consolidated manpower programs would establish a dual educational system. We believe that such fears are unfounded. The expansion of manpower programs during the past seven years has left vocational educators in control of institutional training. Out of the experience of the sixties have emerged multiple tracks for getting the disadvantaged into jobs – institutional skill training, on-the-job training, work experience, and subsidized private employment. It is at least seven years too late to be fearful of a dual system.

We also believe that there is little basis for the criticism that the proposed bills will shift funds from preventive vocational education to remedial manpower

programs. Vocational education has unquestionably been underfunded. But this has occurred because prevention has been underemphasized, not because remedial programs have been overfinanced. Only the Steiger bill specifically authorizes increases in remedial funds and none of the bills recommend that any increases come as a result of diversion from elsewhere. The emphasis in all three bills is upon consolidating present remedial funds. The proposed legislation would not mute the legitimate differences between preventive and remedial education. Consolidation of manpower programs for the disadvantaged is not likely to infringe upon the educator's domain in offering vocational training. If both vocational and general education programs were more effective, there would be less need for remedial manpower programs. Fears that manpower programs will encroach upon vocational education are therefore unwarranted.

At the same time, the absence of cooperation in planning and operating training programs under traditional vocational and manpower programs leaves a notable gap in the move toward a comprehensive manpower policy. This void will become even more detrimental as vocational schools place increased emphasis on programs for the disadvantaged, as specified in the Vocational Education Act of 1968. One way of fostering closer working arrangements between officials of manpower programs and vocational educators is to encourage the former to purchase services offered by vocational schools. Vocational educators should be encouraged, through appropriate funding arrangements, to make greater use of the Employment Service in determining labor market needs and in placing graduates of vocational schools. Vocational educators and the administrators of manpower programs should also intensify their efforts by utilizing their resources to accomodate the varied needs of institutional and on-the-job trainees as well as enrollees in other manpower programs.

5. *Political Responsibility*

Another issue raised by the Administration bill, and to a lesser extent by the Steiger bill, is whether authority over manpower programs should rest with elected officials of general government or with the relatively permanent and autonomous civil servants administering functional agencies. The trend for many years has been to remove public service functions from political pressures by placing responsibility in the hands of permanent civil servants. State and local governments have tended to insulate selected governmental functions. By protecting these activities from immediate political pressures, it was assumed, their quality and effectiveness would be enhanced. Until the past decade, federal legislation generally supported this practice.

But the charge has been repeatedly voiced that long-established public agencies dominated by entrenched professionals tend to lose touch with the changing interests and needs of program beneficiaries. The proposed solution is to shift responsibility to elected officials who are presumably more responsive to the wishes of the electorate. Political officials, it is argued, are not committed to the *status quo* in particular agencies and programs and are therefore more likely

to respond positively to the expressed interests of participants and to proposed innovations.

More recently, therefore, such diverse legislation as model cities, health, and law enforcement has emphasized the role of elected state and local officials. This new tendency, of which the manpower bill is perhaps the most far-reaching example, reflects impatience with the sluggishness of functional agencies in meeting the problems generated by rapid social change.

Vesting ultimate responsibility for performance with elected officials does not negate the need for professional competence. The trend toward professionalization of personnel involved in delivering manpower training and related services is likely to act as a brake on impetuous changes in policy and approach. But it can also be argued that the shift in authority and funds to elected officials requires alternatives to traditional agencies. Community action developed as a federally supported effort has involved program beneficiaries in planning; it has challenged traditional agencies with innovative programs, and it has provided alternative routes to surface talented individuals who would not have made it through customary channels of civil service and professional requirements in the ordinary course of events.

It would be most unfortunate if these benefits were lost. The best of the community action agencies can continue to perform these functions to some degree and serve as an additional watchdog on political performance. Legislation or regulations should stress the importance of their involvement in the planning process and, where past performance warrants, their potential use as prime sponsors for manpower progress.

We are convinced, however, that it is time to place responsibility for performance in the hands of elected officials who must answer to the voters they serve. We share the concern over the competence and commitment of many state and local governments and agencies. On the other hand, we are not persuaded of the all-sufficiency of the federal government's wisdom. Projects must, in the final analysis, be implemented by local talent. Experience has clearly demonstrated that there are definite limits to the number of grants and contracts the Department of Labor can negotiate, fund, monitor, and evaluate. Relying primarily upon governors, with "pass through" to the mayors, requiring accountability for decisions at both levels, is in keeping with democratic concepts. Smaller communities and rural areas have much to gain by improving the capability of state governments.

6. *Job Creation in the Public Sector*

All three bills under consideration provide for public service employment. In the Administration and Steiger bills, such employment is merely one among the many enumerated "eligible activities." Thus a substantial public service employment program could be developed only at the expense of other program components that are already underfinanced, and only at the initiative of state and local authorities who have had little or no experience in designing and administering this kind of program.

In the O'Hara bill, however, public service employment is an essential component, expressed in a new concept: guaranteed work or training for every employable individual. The emphasis is upon providing income for needy persons. "The need of the community for the services . . ." is only one of six criteria to be considered in evaluating proposals, and eligibility is limited to unemployed or part-time workers who have been unable to find other employment or to qualify for a training program. If employment in such projects is indeed "guaranteed," it will be essential to develop solutions for the problems of motivation and supervision that are likely to arise; and it may be difficult to identify jobs that are within the capabilities of a work force composed exclusively of the hard-to-employ. Moreover, the "guarantee" concept implies an open-ended commitment of funds, with expenditures determined by the number of eligible applicants. It would be desirable to develop some basis for a reasonably firm estimate of costs in order to avoid the possibility of a repudiation or limitation of the employment "guarantee."

There are compelling reasons for a substantial federal initiative in this area while new and unanticipated problems are being met and solved. We believe that the federal government, without precluding programs of this kind by state and local governments, should undertake the development of viable approaches to public sector job creation. Since it is likely that more than one pattern will be needed, a reasonable amount of experimentation, closely monitored and thoroughly analyzed, is essential to design a large-scale program of public service employment. We surely know enough to move well beyond the pilot program stage; but we would be taking unknown and possibly large risks by launching an open-ended program of guaranteed employment.

The O'Hara bill sets forth a highly desirable and perhaps essential goal for our affluent society by giving a guarantee of work or training to everyone who is willing and able to work but who is excluded from or unable to compete in conventional labor markets. We accept that goal. We recognize, however, the lack of necessary experience to achieve it and urge active experimentation with projects to help determine the most efficient means of guaranteeing work to all who seek employment.

SUMMARY: TOWARD A COMPREHENSIVE MANPOWER POLICY

The manpower programs affected by the three bills have been chiefly remedial, focusing upon reducing the employment disadvantages of individuals who have difficulty competing in local labor markets. This is an essential aspect of any manpower policy. All three bills continue this remedial emphasis insofar as priorities in authorized services are concerned, and all contain provisions that will strengthen the foundations of a national manpower policy more comprehensively than one which is primarily remedial in character.

The Administration bill, in particular, mandates important practical steps in this direction. Noteworthy are the provisions for a computerized job bank program, for automatic increases in appropriations when the level of economic

activity deteriorates, and for research concerning labor market resources and processes and their relation to the over-all operation of the economy, both nationally and locally. Such mechanisms are necessary ingredients of a manpower program which seeks to maximize productive employment and the economic welfare of *all* members of the labor force as well as to satisfy the total manpower needs of private and public employers. Implementation of these provisions is essential for preventive and remedial action, and for making it possible to synchronize manpower policy with other over-all economic policies in simultaneously achieving stability and growth in a high employment economy.

For maximum effectiveness, manpower policy must differ significantly in recession and inflationary periods. One of the dangers in shifting operating responsibilities to state and local levels may be the creation of a rigid system unable to adjust rapidly to changing economic environments affecting the nation as well as particular localities. This danger can be avoided if the federal government is responsible for ensuring the counter-cyclical contributions of the system.

All three bills endorse the concept of a single comprehensive manpower package for the disadvantaged, embracing the combined services and at least the budgets of the present programs. They also uniformly provide for flexible adaptation to community and individual needs. The differences in the bills are chiefly matters of implementation, plus the addition of peripheral proposals.

As we did in our January 1969 report, prior to the introduction of these bills, we endorse without reservation the comprehensive concept. The Steiger bill is commendable for its forthright budget authorization, the O'Hara bill for its upgrading and public service employment provisions, and the Administration bill for its commitment to the needs of the disadvantaged, its efforts to develop state and local responsibilities while retaining a strong federal role, and its provisions for job banks and an automatic economic stabilizer.

We urge Congress to enact this year manpower legislation which embodies the best of the three bills. This action would not only strengthen state and local manpower planning and operating responsibilities under federal support and guidance, but would also be a significant step toward the development of a national manpower policy.